

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF PHILIP H.) APPEAL NO. 07-A-2663
AND MARJORIE D. SCHROEDER TRUST from the) FINAL DECISION
decision of the Board of Equalization of Valley) AND ORDER
County for tax year 2007.)

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing February 7, 2008 in Cascade, Idaho before Hearing Officer Travis VanLith. Board Members Lyle R. Cobbs, David E. Kinghorn and Linda S. Pike participated in this decision. Appellant Margie Schroeder and witness Karolyn Plehal appeared at hearing. County Appraiser Charles Pickens, Chief Deputy Assessor Deedee Gossi, and Assessor Karen Campbell appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RPC00570001200A.

The issue on appeal is the market value of a residential property.

The decision of the Valley County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed land value is \$110,250, and the improvements' valuation is \$420,190, totaling \$530,440. Appellant requests no change in the land value, but asks the improvements' be reduced to \$319,750, for a total value of \$430,000.

Subject is a .31 acre lot located inside the city limits of Cascade. Built thereon is a 2,212 square foot residence with a 1,288 square foot attached garage. Subject was built in 2001.

Appellant provided three (3) sales of improved property outside Cascade city limits that occurred during 2006. Both parties acknowledged there were no comparable 2006 sales of improved residential property inside city limits. Appellant's sales involved properties of varying size; between 1.0 and 3.9 acres. Appellant's witness (Realtor Karolyn Plehal) testified the

residential improvements of the sale properties were similar to subject in terms of size, grade, and condition. The properties sold between \$335,000 and \$385,000. Appellant's witness further noted she knew of only three (3) properties in the county that sold in excess of \$400,000 during the past year.

Appellant initially challenged the sales referenced by Respondent because they occurred during 2005. Appellant further questioned the comparability of the properties because not enough information was provided to ascertain similarity to subject; most notably the square footage of the residences involved.

Respondent first noted subject's improvement value was trended upward, which was the reason a corrected assessment notice was issued. It was explained that after analyzing data of residential properties in Cascade, the State Tax Commission determined the residential improvements were under-valued by the county. The Tax Commission then mandated an upward adjustment be made to all such values. As a result, all residential improvements in the City (including subject) were increased 30%.

Respondent then provided two (2) sales to support subject's assessed value. The properties were located inside Cascade and occurred in 2005. Respondent noted the properties were similar in grade and condition to subject, however, neither the lot sizes nor the residential improvement sizes were disclosed. The properties sold for \$475,000 and \$200,000.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Assessing property for purpose of taxation, Idaho adheres to a market value standard as defined by Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

To that end, the Idaho Supreme Court has recognized three methods for ascertaining market value.

[T]here are three primary methods of determining market value: the cost approach, in which the value as determined by new cost or market comparison is estimated and reduced by accrued depreciation; the income approach, applicable to "income producing property" in which a capitalization rate is determined from market conditions and applied to net income from the property to determine appraised value; and the market data (comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Both parties used a variation of the market data or sales comparison approach to justify their respective positions. Respondent submitted two (2) sales from 2005 involving property located within Cascade. Appellant presented three (3) property sales located outside the city that sold in 2006. Both parties conceded there were no 2006 sales of improved residential property inside Cascade suitable for comparison to subject.

The market data approach requires examination of multiple, recent, arm's-length proximate sales involving similar property. Neither party was able to find property sales satisfying these requirements. Appellant's sales involved properties similar in square footage, grade, and condition. However, the properties were located outside city limits; thus not truly similar in terms of location. Respondent's sales were similar to subject in terms of location, but

the sales occurred in 2005, so they were not recent. Details concerning their physical characteristics and how they may have differed compared to subject were not disclosed. The information gap was significant.

Despite the obvious questions concerning comparability of both parties' sales, interestingly neither party submitted a property sale for more than \$475,000. In fact, each party presented but one property that sold in excess of \$400,000. As subject was assessed for \$530,440, a further discrepancy or information gap is suggested.

"The value of property for purposes of taxation as determined by the assessor is presumed to be correct; and the burden of proof is upon the taxpayer to show by [a preponderance of the] evidence that he is entitled to the relief claimed." *Board of County Comm'rs of Ada County v. Sears, Roebuck & Co.*, 74 Idaho 39, 46-47, 256 P.2d 526, 530 (1953).

From the evidence presented, Appellant has met the requisite burden of proof and satisfied this Board that subject was over-valued for 2007. The question remaining is subject's proper market value. As only two (2) of five (5) total sales sold in excess of \$400,000, Appellant's value opinion of \$430,000 appears most reasonable. This value will be accepted. The Board will therefore reverse the decision of the Valley County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is reversed, lowering subject's total assessed value to \$430,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED March 20, 2008